

## Appendix E – Waivers

## Food Stamp Waiver Requests

### 1. Personal Identification Number (PIN) Encryption From Point of Entry

**Federal Regulation Citation:** 7 CFR 274.12 (h)(7)(iii) and 7 CFR 274.12 (h)(3)(ii)(C)

**Regulatory Requirements:** Section 7 CFR 274.12 (h)(7)(iii) requires PIN encryption to occur from the point of entry in a manner that prevents unsecured transmission between any point in the system. Section 7 CFR 274.12 (h)(3)(ii)(C) requires communications network security that utilizes the Data Encryption Standard algorithm to encrypt the PIN, at a minimum from the point of entry.

**California Waiver:** Homebound recipients will receive by mail the same training and informational as other households. If the homebound recipient does not have an authorized representative and cannot travel personally to the county office, the recipient will contact the county office to make arrangements to choose the PIN over the phone. The county office will mail the recipient their EBT card with instructions to call customer service. After verifying the recipient's identity, Customer Service will give the recipient a control number which will allow the recipient to select a PIN using the Audio Response Unit (ARU).

Using a series of prompts, the ARU will lead the recipient through the selection of their PIN. The control number is a single use number; another recipient cannot use this same control number to select their PIN or change someone else's PIN. This provides the required security since the selection of a PIN is not tied to a case or card number but to a single use control number.

### 2. Recipient Training

**Federal Regulation Citation:** 7 CFR 274.12(f)(10)(ii)

**Regulatory Requirements:** 7 CFR 274.12(f)(10)(ii) requires that State agency training provided each household include hands-on experience in the use of the EBT equipment necessary to access benefits and obtain balance information.

**California Waiver:** Recipients will be trained in the use of the EBT system using written materials received by mail. In addition, the EBT system will have the following features:

- Toll-free telephone assistance will be available upon request by the recipient.
- Face-to-face training will be available upon request at sites readily accessible to recipients.
- Training by mail will be provided for Authorized Representatives.
- Retraining will be available in the use of the EBT card and/or system after the initial mail-based training.
- Hands-on training during face-to-face sessions at local county welfare offices will be provided for recipients who habitually abuse the EBT system by losing or damaging EBT cards or making excessive calls to the customer service help desk or excessive balance inquiries. The county will contact recipients by telephone or mail.
- All training will include written material containing recipient rights and responsibilities under EBT.

### 3. Equipment Installation and Testing

**Federal Regulation Citation:** 7 CFR 274.12(e)(4)(v)

**Regulatory Requirements:** 7 CFR 274.12(e)(4)(v) requires that the State agency ensure that equipment and supplies are maintained in working order for retail stores equipped by the State agency or their contractor. Equipment shall be replaced or repaired within 24 hours. While not explicitly stated in Federal regulations, it is FNS's intent that these provisions also require that the State agency or their contractor is responsible for performing on-site initial installation of government issued POS terminals.

**California Waiver:** Retailers will be shipped POS devices with instructions for installation. For those retailers who require assistance, a toll-free number will be available and staffed by EBT contractor technicians knowledgeable about installation and/or testing of POS equipment. After telephone assistance has been provided, a trained technician will provide on-site assistance upon request and at no cost to those retailers who continue to experience difficulty in installing and/or testing POS devices. Assistance will be provided within a reasonable time, which for the purposes of responding to customer phone requests for service is within 24 hours, seven days a week. There will be restrictions to areas specifically agreed upon by FNS and the State.

### 4. Supplied Equipment

**Federal Regulation Citation:** 7 CFR 274.12(g)(4)(ii)(B)

**Regulatory Requirements:** 7 CFR 274.12(g)(4)(ii)(B) requires that authorized food retail stores with Food Stamp benefit redemptions representing less than 15 percent of total food sales shall, at a minimum, receive one terminal for every \$11,000 in monthly redemption activity, up to the number of lanes per store. All other food retailers shall receive one terminal for every \$8,000 in monthly redemption activity, up to the number of lanes per store. An alternative formula permitting equipment deployment at a higher level may be used.

**California Waiver:** Retailers with monthly Food Stamp sales of less than \$100 will not be supplied with a government issued POS device. These retailers may use manual vouchers to conduct Food Stamp transactions; or they may choose to purchase the equipment necessary to participate in EBT at their expense.

### 5. Direct Deposit of Electronic Food Stamp Benefits/Installation of Point of Sale Devices for Group Living Arrangement Facilities and Nonprofit Homeless Meal Providers

**Federal Regulation Citation:** Sec. 10 [2019] of the Food Stamp Act

**Regulatory Requirements:** Section 10 [2019] of the Food Stamp Act prohibits drug or alcohol treatment centers, shelters for battered women and children, group living arrangements and nonprofit homeless meal providers from redeeming benefits through financial institutions. Except for homeless meal providers, these agencies must either become authorized by the Food and Nutrition Service (FNS) to accept coupons and purchase food through an authorized wholesaler, or if unauthorized, through an authorized retailer. Homeless meal providers must have a contract with the State agency and receive authorization from FNS to redeem coupons through an authorized wholesaler or retailer.

**California Waiver:** Permit group living facilities and nonprofit homeless meal providers to directly deposit electronic food stamp benefits into financial institution accounts. Point-of-sale (POS) devices may be installed at each facility, enabling benefits to be transferred electronically from the recipient's EBT account to the facility's financial institution account. In order to participate, the facility will be considered as a retail establishment and sign

a retailer agreement as a condition of receiving and agreeing to operate a POS terminal. The agreement will include an addendum that waives Section 10 [2019] of the Food Stamp Act and specifies that for audit purposes, the facility agrees to maintain receipts for the food purchased to serve eligible food stamp recipients.

For group living facilities, changes in facility authorization status will be transmitted directly from FNS to the EBT contractor in the same manner that changes in the status of retailers are handled. When recipients (or their Authorized Representative) transact either a partial or a total allotment, the amount transacted will be transferred to the facility's bank account as a settled transaction. The recipient will receive a printed transaction receipt to document the transfer and the facility will use these funds to purchase food for the food stamp recipients residing in or eating at the facility.

When a recipient leaves the facility, the recipient's EBT card will be returned to the recipient if the facility served as an Authorized Representative and had possession of the card. The facility and the recipient will execute a transaction to return any portion of the monthly allotment to which the recipient is entitled, in accordance with Federal/State regulations and the retailer agreement. A copy of the transaction receipt will be provided to the recipient and retained by the facility to document the transfer. The facility will instruct the recipient to notify the county welfare department of their change of address; if the facility served as the recipient's Authorized Representative, the recipient also will be instructed to contact the county welfare department to select a new PIN.

## 6. Replacement of Lost, Stolen or Damaged Cards

**Federal Regulation Citation:** 7 CFR 274.12 (f)(5)(ii)

**Regulatory Requirements:** Section 7 CFR 274.12 (f)(5)(ii) requires replacement of lost, stolen or damaged EBT cards within two business days following notice by the household to the State agency. States may request a waiver to allow a longer replacement time.

**California Wavier:** Permit replacement of EBT cards within three business days. There will be a system in place for handling recipients' reports of lost/stolen cards through a toll-free customer service line. There will also be a log of all calls for lost, stolen or damaged cards, the date/time of the call, the reason for replacement and other information as defined by the State agency and county. This information will be available to the State and counties for reporting, evaluation and error resolution purposes. Authorized county personnel shall have the ability to "freeze" EBT accounts via administrative terminals after receiving a report of a lost/stolen card or a compromised PIN.

## 7. Retailer Charge for Re-Installation of EBT POS

**Federal Regulation Citation:** 7 CFR 274.12(g)(2)

**Regulatory Requirements:** 7 CFR 274.12(g)(2) prohibits requiring retailers from paying costs essential to and directly attributable to the operation of an EBT system as long as the equipment or services are provided by the State agency or its contractor and are utilized solely for the Food Stamp Program

**California Waiver:** Permits the EBT Contractor to charge a retailer a reasonable cost to re-install POS devices that were originally installed at government expense, but were de-installed because the retailer was disqualified due to a breach of the retailer agreement or voluntarily withdrew from the program and is now resuming participation.

## 8. Stale Account Handling

**Federal Regulation Citation:** 7 CFR 274.12(f)(7)

**Federal Regulation Citation:** 7 CFR 274.12(f)(7)(i)

**Regulatory Requirements:** Section 7 CFR 274.12(f)(7) defines “stale benefit accounts” as those food stamp benefit accounts which are not accessed for three (3) months or longer.

**Regulatory Requirements:** Section 7 CFR 274.12(f)(7)(i) permits the State agency to store EBT account benefits off-line when the EBT account has not been accessed for three (3) months or longer.

**California Waiver:** Permits the State agency to store EBT benefits off-line when the account has not been accessed for ninety (90) days.

## 9. Stale Account Handling – Expunge Benefits

**Federal Regulation Citation:** Section 7 CFR 274.12(f)(7)

**Federal Regulation Citation:** Section 7 CFR 274.12(f)(7)(ii)

**Regulatory Requirements:** Section 7 CFR 274.12(f)(7) and Section 7 CFR 274.12(f)(7)(ii) define “stale benefit accounts” as those food stamp benefit accounts which are not accessed for three (3) months or longer. It requires the State agency to expunge benefits that have not been accessed by the household after a period of one (1) year.

**California Waiver:** Permits expunging stale benefit accounts after they have been stored off-line one hundred eighty (180) days rather than the regulatory nine (9) months.